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A Study of Different Factors Influencing Investment Behavior of Females Towards Stock Market Investment

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Abstract:

Explaining the process of concept development and measurement for the included ideas is crucial, as it aligns with the suggested research methodology. Therefore, the conceptual framework for the investigation is included in the current studies. It goes over the included variables, measurements, and definitions. In each concept discussed in the current research. These female executives' investment style is mostly influenced by their past. As a result, the current study has made an effort to present the female leaders' profile right away. Age, nativity, education level, marital status, family type, volume, quantity of earners per family, number of knowledgeable individuals per family, designation, personal income, and family income are among the profile characteristics that are evaluated in the current study. Women executives are first divided into two categories: highly experienced and lesser experienced (LE). The degree of social interaction, scientific orientation, risk orientation, and media exposure are used to assess the personalities of female CEOs. The degree of savings, stock market investments, number of business stocks held, frequency of mix changes in investments, and rationale for change in investment mix have all been examined in relation to the investing patterns of female executives.

Keywords:

Personality, Behavior, Women Investor, Stock Market.

Introduction:

A civic marketplace for exchanging shares or stocks of a specific corporation at a predetermined value is known as the equity market, sometimes known as the stock market. Numerous factors impact supply and demand in the stock market, which in turn influences stock volatility, or the price of the stocks. A stock market is a publicly traded platform where equities of a specific firm can be traded at a predetermined price. Numerous factors impact supply and demand in the stock market, which in turn influences stock volatility, or the price of the stock. Investing decisions in stocks can occasionally be sensible, with investors making choices after examining market data.

Certain available information is disregarded by some irrational investors while making decisions. The investor's inability to comprehend the given information may also be the cause of their irrational decisions.

Additionally, investors make choices based on their level of risk absorption. The stock market is thought to be strange, despite the fact that there are many instruments and techniques for analysis before making decisions. The process of selecting equities or a company to trade in or invest in still proves to be difficult due to the multitude of elements involved. These socioeconomic, demographic, and behavioral variables are important influences on investment choices. When it comes to making investment decisions, there is always some consideration for the likelihood of a positive return. Due to the difficulty of identifying companies with development prospects for investment, the majority of investors experience feelings of insecurity when managing their stock market investments. It can be challenging for investors to trade on every exchange and remember to turn in the required paperwork after every trade once the growth-oriented companies and their securities have been identified due to the complexity of trading procedures. As such, stock dealers ought to be aware of this information, particularly those who are fresh to the industry. Strong corporate earnings, marketability, affordability, dividends, price-earnings ratios, drive outcome, contrarian effect, FLL investment behavior, film reputation, socially conscious investing, current economic indicators, referrals from friends, family, and coworkers, and broker advice are just a few of the factors that impact equity investment decisions.

Behavioral Finance:

Strategies based on perfect forecasts, completely flexible prices, and complete knowledge of other market players' investment decisions is becoming increasingly improbable in today's global financial markets. Behavioral finance is a recent addition to the field of finance theory. Its goal is to identify and predict the systemic impacts of psychological decision-making on the financial market. The goal of the new paradigm of behavioral finance is to complement, not to replace, the behaviorally imperfect theory of finance, also known as conventional or modern finance. Behavioral finance concedes that the existing paradigm might be valid within specific bounds. If standard finance models included a deeper understanding of the psychological processes and human behavior involved in financial decision-making, they may be improved to better reflect and explain the reality in today's dynamic markets. The application of psychological and economic principles to improve people's financial decision-making is known as behavioral finance. In 2000, Shefrin released "Beyond Greed and Fear," an EMH work on behavioral finance. All in all, it provides a nice summary of behavioral finance. Its fundamental message is that people are "imperfect processors" of information, meaning they are biased, prone to making mistakes, and have problems with perception. As of yet, there isn't a single, all-encompassing theory of behavioral finance. The majority of the attention in the literature to date has been on identifying behavioral decision-making features that are most likely to have a systematic influence on the behavior of financial markets, despite the fact that Shefrin and Stateman (1994) initiated some study in this area.

Investment Behavior:

Confirmation of various societal consequences by social psychology aids in a deeper understanding of investor behavior within the framework of equity markets. It seems that individual investors behave differently from the conventional paradigm while making investments.

In particular, they trade excessively, are overconfident, under diversified, and loss averse. They also have a tendency to sell winning stocks too soon and hang onto losing equities for an excessive amount of time. Reference price effects demonstrate that traders frequently trade for illogical reasons and are hesitant to accept losses. There is even proof that investor moods impact the financial market, depending on factors like cloud cover and daylight hours.

The traditional paradigm's proponents believe that while it is conceivable for a small number of economic actors to make less-than-ideal investment decisions, this has no bearing on the market's overall efficiency as long as marginal investors—that is, "the investor, who is

There are people in the market who can make the particular investment decision at hand "rational." One of the greatest economists of all time, Milton Friedman, brought up the idea that logical investors are the ones who determine market values for assets. However, his reasoning has come under fire because it has some serious flaws that have been discovered.

Some who disagree contend that examining the actions of individual investors is more important, even in the event that "rational investors" alone determine the values of various assets. Current market trends suggest that individual participation has risen. Participants in the process of investing. The increasing colonized of financial markets and its behaviors, actions, reactions, and perceptions continuously influence stock values in ways that conventional models are unable to account for. Pricing anomalies and mysterious fluctuations in stock prices are two other ways that the peculiarities in individual investor behavior show up in the broader stock market.

There is compelling evidence in the fields of psychology and financial research that individual decision makers do not act in accordance with the tents of expected utility when making decisions under uncertainty, in addition to the fact that markets do not behave neatly as prescribed by traditional market theories. The majority of financial decisions are made in complex, highly uncertain conditions. We frequently have to select from a wide range of options, each with a multitude of potential unknown outcomes and probabilities, and we also have to take into account a large number of prior (past) decision circumstances.

Women Investor:

The "common wisdom" of financial services providers is largely supported by the growing number of financial studies that reveal women invest their asset portfolios more conservatively than their male counterparts. While there is a substantial amount of literature on examining variations in investing behavior in relation to other gender-related pension disparities is a relatively recent field of study. Gender disparities bring up significant policy concerns, especially in the context of the recent push for self-directed retirement accounts and the ideas of partially privatizing Social Security. Understanding the fundamental causes of observed investing patterns can help design interventions more effectively, even though there are apparent consequences for women's overall financial well-being in retirement. When all other factors are equal, retirement income from a cautious investing strategy is often lower than that from an aggressive strategy. When all is said and done, there will probably be even less consumption in retirement because women and men do not have the same needs. Ladies' Greater lifespan suggests that a longer retirement time must be supported, even with the same investment money. In addition to having lower wealth and pension coverage and participation rates, women also have lower lifetime incomes and earnings growth. Although statistics show substantial improvement in these areas in the last several decades (Congressional Budget Office, 1993), the ongoing high poverty rate among older women is of major concern to policymakers (House Select Committee on Aging, 1992). Recent research has rather conclusively shown that there are gender disparities in risk-taking and investment. But if this is a reason for concern, a deeper comprehension of the basic causes for differences. Since it is typically only able to witness the results of decisions rather than the decision-making processes themselves, identifying the causes is a more challenging undertaking. This is a matter of concern not only for social and private pension policy makers, but also for plan sponsors and advisors who give clients investing information.

Literature Review:

Sharma (2021) these days, Indian women are actively involved in many spheres of society, including politics, journalism, science, technology, education, and science; in the process, they are also becoming financially independent. As times have changed, women are now actively investing their excess money, though this is dependent on a number of factors, including their willingness to take risks, the influence of friends and family, and the difficulty of learning about new and cutting-edge investment opportunities. This study aims to determine the various factors that working women in six Indian metropolises—Delhi/NCR, Mumbai, Kolkata, Chennai, Bangalore, and Hyderabad—take into account while deciding what to invest in. The study, which is conducted on a sample of 2680 educated women investors from the chosen locations, reveals that a number of characteristics, including attachment, information sources, risk, quality of life, and the ability to make independent judgments, have a big influence on the investment paths that are chosen. A standardized questionnaire was used to conduct in-person interviews with working women for the study. Academicians, distributors, possible investors, and investment advisors will all find great value in the study.

Satheendran and Banerji (2018) conducted a study to identify the key elements of investing decision-making that are common to women investors in Cochin and Coimbatore. Using Ordered Logistic Regression, the study examined seven investment parameters mediated by age group, education level, and city of residence. The study's findings demonstrated that Internet-based investment decision-making factors encourage women investors to take on a greater degree of risk. Then, it is thought that highly risk-averse female investors will make less hazardous investment decisions. Moreover, it is observed that women in older age groups typically make conservative financial decisions.

In their 2015 study, Kansal & Zaidi analysed the investment routine of Indian women. According to this report, women are less confident in their investment decisions and are more risk averse than males. This study uncovered a number of variables, including return, long-term growth, risk, liquidity, and retirement income, that influence women's investment decisions. Women typically invest in safer assets including government securities, gold, silver, bank deposits, and post office savings.

Problem Description:

Over the precedent numerous years, there have been notable developments and an increase in volatility in the stock markets. There is now more unpredictability and uncertainty as a result of the stock market's susceptibility. The idea of efficient markets has long been a pillar of the investment community. The notion of perfectly balanced investors who consistently get the most out of their usefulness and exhibit impeccable willpower is starting to fall short. In today's global financial market, investment decisions based on price flexibility, market conditions, and complete knowledge are becoming increasingly implausible. The fact that the most well-known and intelligent institutional investors as well as private investors were impacted by the market meltdown indicates that there may be a serious problem with the way that conduct models of investor behavior are constructed. The intention is to Describe and carry out a study on the stock market's investment patterns, decision-making processes, and general attitudes towards investing, as well as the factors that influence them. With this justification, the study intends to investigate investor activity in the stock market particularly that of female executives, as well as the variables affecting their stock market behavior.

Need of the Study:

Investors come in many forms: institutional, corporate, and small-scale individual investors. Based on their characteristics, investors can be divided into a wide range of groups according to factors including age, income, material possessions, education level, gender, experience, and more. These investors may have different investing habits from one another. While some people like big risks, others could prefer modest dangers. One that many look for assistance from professionals to make investments, while one person may make their own. While one person may borrow money and pledge properties to make investments, another person may invest using their own resources. Male and female investors have different profiles, investment behaviors, and investment knowledge, and investment decision-making processes, levels of involvement, financial impact sources, investment views, and learning preferences.

Compared to their counterparts, female investors are willing to travel on safer and more reliable monetary products that provide income. Their lifestyle, social circumstances, and other factors have a big impact on their financial decisions. To the nourishment of their parents. In order to improve the Indian Capital Market and help female investors grow their investment behavior, it is imperative to research ways to encourage them to make larger stock market investments. Therefore, an attempt has been made to look at these factors in this study.

Objectives of the Study:

To examine how investors make decisions about their investments and the factors that influence those decisions.

To assess investors' general attitudes towards stock market investing and the factors that influences it.

Research Methodology:

Purposive sampling was used in this study's sample selection process. At first, six significant cities—Saharanpur, Dehradun, Roorkee, Shamli, Haridwar, and Meerut—were deliberately chosen. Sixty females from each city had made stock market investments. Recognized with the assistance of the authorized stockbrokers in the cities mentioned above. Consequently, 360 female investors made up the entire sample size. Because the current study heavily depends on primary data, much attention was used in creating the interview schedule. There were four key sections to the interview programme. The overall Investors' psychological characteristics and their investments style are covered in the first section of the schedule, while the different factors influencing investors' stock market behavior are covered in the second. The third section of the fourth section of the plan addresses the several approaches used to assess the stock market, whereas the first three sections of the schedule address investor behavior and decision-making processes. The pertinent variables pertaining to the aforementioned features were identified through a study of prior research. The relevant statistical tools were utilized to process the gathered primary data. The kinds of data scale and study objectives were taken into consideration when using statistical techniques.

Study of Investment Behavior Determinants:

A number of factors influence how female executives behave as investors. The current study limits the factors to investing experience, investor mindset, information source, awareness of online investment information, financial advisor assistance, or brokers, preliminary work, financial status and desire on gaining knowledge of stock investing market. The reviews have been used to compile the determinants' levels of existence. One-way analysis has also been used to investigate the relationship between the investor profile and their opinions on different factors that influence investor behavior.

Relationship Between Investors' Profiles and Opinions About What Influences Investors' Behavior:

Investors' beliefs about what influences their behavior may be related to their profile. The current study has attempted to investigate it using one-way analysis of variance. For the study, all eleven profile variables are used, however the included. The level of information source (LSII), awareness of information of interest (LOAII), financial advisor assistance (LFAH), preparatory work (LOPW), financial status (LOFS), and wisdom interest are factors that influence an investor's conduct. Table 1 presents the findings.

Table 1: Outcome of One-Way Variance Analysis:

Sr.No.	variables	F statistics					
		LSII	LOAII	LFAH	LOPW	LOFS	LOLI
1	Age	2.7344*	2.5089*	2.4341*	2.8242*	2.0211	2.7705*
2	delivery	2.0521	2.1088	2.5088	2.8215	2.8315	3.3309
3	stage of learning	2.7148*	2.9179*	2.8667*	2.4961	2.5089*	2.7121*

Sr.No.	variables	F statistics					
		LSII	LOAII	LFAH	LOPW	LOFS	LOLI
4	Marital position	2.4275	2.4213	2.1154	3.7339	2.5154	2.4012
5	character of family	3.2325	3.4563	3.3952	2.3241	3.4123	2.0969
6	Family volume	2.7144*	2.0921	2.8242*	2.6562*	2.1654	2.0123
7	amount of earners in each family	2.4541*	2.7341*	3.0135*	3.2145*	2.5157	2.8432*
8	The number of educated people in each family	2.5949*	2.7421*	2.0921	2.1089	2.6448*	2.3994*
9	Designation	2.3213	2.1178	2.5676	2.4213	1.7891	2.2321
10	Personal earnings	2.8649*	2.6987*	2.8992*	2.7982*	2.9149*	2.9084*
11	Family earnings	2.4542*	2.8482*	2.7111*	2.0841	2.2445	2.3564

*Notable at the five percentile.

The profile elements that substantially correlate with the amount of information source about stock market investing include age, education level, family range, number of earners per family, total educated individuals per family, personal earnings, and family given that each of their "F" statistics is significant at the five percentile.

Age, educational attainment, the number of wage earners and educated members of a family, personal and family income, and number of earning members are the profile elements that substantially correlate with the degree of awareness regarding material on the internet. Age, education level, family size, number of earners per family, personal earning, and family earnings are profile variables that substantially correlate with the level of financial adviser assistance, On the other hand, at the preparatory work level, age, family size, the number of earners in each family, and personal income are significant profile determinants.

The elements that have a significant relationship with the level of financial condition are the number of educated family members, educational accomplishment, and personal characteristics. The profile variables of age, education level, number of earners per family, number of educated individuals per family, personal earning, and family income are all used in the application of learning interest in investing, but income is the main factor.

Relationship Between Personality Traits and The Perception of Factors Influencing Investors' Behavior:

Investors' opinions on several factors that influence their conduct may be correlated with their personality types. The current study has attempted to investigate it using one-way analysis of variance. Among the psychological traits mentioned are exposure to media, friendliness, interest in science, and willingness to take risks. Table 2 shows the outcome of the one-way analysis of variance.

Table 2: Result Of One-Way Analysis of Variance:

Sr.No	Qualities Behavior	F data					
		LS	LOA	LFAH	LOPW	LOFS	LOLI
1	Media revelation	2.7776*	2.6358*	2.6965*	2.8847*	2.8156*	2.5954
2	cordiality	2.9045*	2.7854*	2.6858*	2.8112*	2.4487	2.6548*
3	logical direction	3.1669*	2.5451	2.9565*	2.7123*	2.3254	2.4145
4	hazard direction	3.6875*	3.5251*	2.9156*	2.5958*	2.6562*	2.4840

*Notable at the five percentile.

The four personality traits that substantially associate with the amount of source of investment information are those whose particular 'F' statistics are considerable at the five percentile. The strong correlation between personality traits and awareness level on Media exposure, cordiality, and hazard orientation are characteristics seen in material found on the internet; nonetheless, these four personality qualities are present in financial adviser assistance and preparatory work. Media exposure and risk orientation are the personality traits that are highly associated with financial association, while sociability and risk orientation are associated with learning interest.

The Factors That Differentiate the Behavior of Investors with Less Experience From Those With More Experience An Investor:

Investors in LE may hold different levels of opinion regarding different factors that influence their behavior than do investors in HE. In order to have policy consequences, the current study has attempted to uncover the key discriminate characteristics between the two investment groups. At first, the mean difference has been calculated, along with its statistical significance. Every determinant's discriminate power has been calculated. The discriminate powers of all determinants have been evaluated with the assistance of Wilks Lambda. Table 3 presents the findings.

Table 3: Average Diversity and Discriminate Control of Determinants Between LE and HE

Sr.No.	Factors	Average Scores Among Investors			Mean Diversity	'T' Statistics	Wilks Lambda
		LE	HE				
1	LS	2.8512	3.4307		-0.5795	-2.1523*	0.1520
2	LOA	2.4212	3.0695		-0.6483	-2.5965*	0.1450
3	LFAH	3.3542	3.3790		-0.0248	-0.7375	0.5798
4	LOPW	2.8253	3.6200		-0.7947	-3.2654*	0.1112
5	LOFS	3.2132	3.8312		-0.618	-2.5453*	0.1799
6	LOLI	2.8682	2.5452		-0.7272	-2.8965*	0.1245

*Notable at the five percentile.

Given that the corresponding "t" statistics for each of the six determinants are noteworthy at the five percent level, the significant mean diversity is observed in five of the six cases. Preparatory work and learning interest exhibit a larger mean difference, with respective mean differences being -0.7947 and -0.7272, in that order. The two determinants above have a stronger discriminate power, as evidenced by their respective Wilks Lambdas of 0.1112 and 0.1245. In order to estimate the two group, discriminate function, the significant determinants are incorporated. The non-standard method has been employed to approximate it. Z = -0.9178 – 0.0979 X1 – 0.1093 X2 – 0.2084 X4 – 0.0889 X5 – 0.0.1889 X6 is the predicted two group discriminate function. The product of each determinant's proportionate contribution to the overall discriminate score is used to calculate the discriminate co-efficient and the mean diversity of the corresponding determinants. Table 4 presents the findings.

Table 4: The Percentage of Each Determinant That Goes into The Total Discriminate Score (TDS)

Sr.No.	Factors	Discriminate Coefficient	Average Diversity	Product	Comparative Input In Tds
1	LS	-0.0979	-0.5795	0.0567	11.71
2	LOA	-0.1593	-0.6483	0.0708	14.45
3	LOPW	-0.2084	-0.7947	0.1656	34.12
4	LOFS	-0.0889	-0.618	0.0549	11.41
5	LOLI	-0.1889	-0.7272	0.1374	28.31
	Total			0.4854	100

With their respective co-efficient of 0.2084 and 0.1889, the cases of teaching interest and preparatory work exhibit the higher discriminate co-efficient. It demonstrates how the determinants have a greater impact on the discriminate function. The greater proportional involvement of factors in TDS is evident in the cases of learning interest and preparation work, where it contributes 34.12 and 283 percent, respectively. A total of 76.83 percent of the examples are correctly classified by the estimated two group discriminate function. The preliminary effort and knowledge awareness, which are stronger between investors in HE then among those in LE, are identified by the analysis as the key discriminate determinants between the investors in LE and HE.

A Compilation of The Results, Summary, And Recommendations: The findings summary, conclusions, and suggestions are the main points of emphasis in this study.

Findings of the Study:

The nature of investment decision-making is significantly influenced by return and safety aspects for investors in LE; return, safety, and guidance are the variables that matter most for investors in HE. To a greater extent than among investors in LE, the differences in the components explain the variances in the types of investment decisions made by HE investors. Age, education level, personal income, and family income are the key profile characteristics that are considerably correlated with the application of methods; in contrast, these personality traits—media exposure, sociability, scientific orientation, and hazard orientation—are associated with these profile variables. Technical analysis is a key means of differentiation between investors in LE and HE; investors in HE use it more frequently than investors in LE. Return and safety factor are the key determinants of investment decisions for the degree of activity among investors in LE, while return, personal factor, and advice factor are the key determinants among investors in HE. The speed at which there are more factors influencing the degree of investing activity among He investors than among LE investors.

Ten factors have been used to measure the investors' attitudes on stock market investment. For investors in LE, tax settlement and provisional value are highly regarded variables; meanwhile, for investors in HE, these are liquidity as well as transferability. Over the opinions of the investors in LE and HE over the variables in overall approach towards savings, a notable variation has been observed for each of the ten variables. Compared to investors in LE, those in HE had a more positive outlook on stock market investing. Financial advisor assistance and investor behavior are the key factors impacting investment behavior on the overall attitude towards investing among investors in LE, but among those in HE, these factors include information source and awareness on internet information, planning, investor behavior, technique implementation, and investment activity. Compared to investors in LE, the rate of influence of investment behavior determinants is found to be higher among HE investors.

Final Comments:

The current study came to the conclusion that winning women investor only engage in minimal stock market investing. The investors' stock market experience plays a significant influence in the volume of investment activity, the type of stock market decision-making, the actions of investors, and the general sentiment of investors towards investing. The characteristics of investors and their outlook are key factors in influencing how they behave. The sources of information, awareness of information on the internet, preparation, assistance from financial advisors, and investor desire in learning are all significant factors that influence investor behavior. The highly knowledgeable investors rely further on their expertise to investment stock market whilst the lesser knowledgeable investors rely further on the trend supplied by the specialists in the area. The crucial elements that result in Environmental factors and return are important considerations for investors when making decisions. Compared to investors with less expertise, highly experienced investors have a higher rate of impact from factors on their conduct. In comparison to less experienced investors, more experienced investors use different techniques to assess different investment opportunities. The sources of information, the assistance of financial advisors, investor behavior, the application of techniques, and the volume of investment activities are the factors that have the most impact on the investors' overall attitude towards investing. The Experienced investors exhibit a greater impact of all factors compared to less experienced investors.

Recommendations:

The study's conclusions led to the formulation of the following recommendations.

Behavioral Dimension: The research's findings led to the recommendation that the Securities and Exchange Board of India, or SEBI, incorporate behavioral components into its awareness campaign because of these elements have a crucial role in investor behavior and investing decisions, particularly for female investors.

Analytical Model: It is advised that investment analyses produce an analytical model that takes into account the behavioral and financial aspects that influence an investor's actions in the stock market. Prior to making an investment in the stock market, investors should consider their financial indicators and financial analysis. On the other hand, the behavioral factors include the investors' mindset, awareness and information sources, preparation level, role of financial advisors, level of investment activities, and interest in learning.

Portfolio Management Behavior: The results of this study highlight the significance of researching how individual stock market participants manage their portfolios. It comprises of representativeness, diversification, decline limit specification, and modification, return guidelines, and disposal impact. The aforementioned features of the study will be very helpful in understanding portfolio management behavior, which is the main factor influencing stock market investment behavior.

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